

NIH POLICY MANUAL

55005 - GRANT AWARD ADJUSTMENTS RELATED TO ESTIMATED AND ACTUAL

UNOBLIGATED GRANT BALANCES

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A. Purpose:

This issuance states the procedure to be followed by awarding units with regard to the disposition of estimated unobligated balances when reported by grantee institutions or organizations in conjunction with a request (application) for noncompeting continuation grant funds. Also stated is the procedure to be followed when a budget period is found to be underfunded because the actual unobligated balance of a grant is less than the estimate of the unobligated balance previously used as an offset (deduction) for that grant.

B. Background:

Since July 1, 1965, both research grants and training grants supported by NIH have been awarded under the project period system of obligating funds for discretionary grants. Within this concept, the funds awarded in support of each budget period (usually 12 months) are intended to remain available for the duration of the project period -- for use in financing annual grant awards. Thus, the use of unobligated balances may become an integral part of the process of negotiating individual awards within a project period.

In 1979 the definition of a project period was significantly revised to consider competing continuations as extensions of the initially recommended project period. Therefore, instead of considering each competitive segment to be a separate and individual project period, it became possible to have project periods lasting five, ten, fifteen, or more years. This revision impacted on a number of grant administration procedures, including those related to the disposition of unobligated balances.

C. Applicability:

This issuance applies to all research and training grants (except individual fellowships) and cooperative agreements awarded by the National Institutes of Health.

D. References:

1. Application for Continuation Grant, PHS Form 2590, Section III Fiscal Data for Current Budget Period
2. Application for Institutional National Research Service Continuation Award, PHS

Form 6025-2, Fiscal Data for Current Budget Period (Form Page 4)

3. Financial Status Report, Standard Form 269

4. PHS Grants Administration Manual Chapter 1-85, "The Project Period System of Obligating Funds for Discretionary Project Grants"

5. NIH Manual Chapter 5002, Notice of Disposition of Grant Unexpended Balance

6. NIH Guide for Grants and Contracts, Vol. 9, No. 2, Page 57 January 25, 1980, Changes In The Project Period System For NIH Grants

7. NIH Guide for Grants and Contracts, Vol. 9, No. 4, Page 1 March 14, 1980, Changes in Project Period System for NIH Grants - A Clarification

E. Definitions:

1. Unobligated Balance - This chapter uses the term "unobligated balance" in the framework of the total Federal funds authorized for a budget period (direct and indirect costs), according to the Notice of Grant Award. In that context, the "unobligated balance" is the portion of the total Federal authorization which was not obligated by the grantee during the stated budget period.

2. Project Period - The total time for which a project is approved for support, including any extensions thereof.

3. Competitive Segment - The initial period of recommended support (1 to 5 years) or each successive competing continuation period of a project period.

F. Policy:

NIH awarding units will not use estimated unobligated balances of less than \$2,500 to reduce noncompeting continuation awards. If, after having applied an offset, it is found that the actual unobligated balance plus current funds awarded are insufficient by \$250 or more for the approved budget of a current budget period, the awarding unit will issue a revised award notice or a supplemental award for the balance needed to meet the authorized level of the budget as approved. Upon written request from the grantee institution, any amount less than \$250 which is required for an approved budget will likewise be provided by the awarding unit.

G. Procedures:

1. When an estimated unobligated balance of less than \$2,500 is reported by the grantee institution in the noncompeting continuation application (Type 5), no part of the estimated balance may be used to reduce the amount of funds awarded for the next noncompeting continuation budget period. When an estimated unobligated balance of \$2,500 or more is reported, the awarding unit may use all or any part of the estimated balance as an offset to reduce the amount of funds awarded for the next budget period.

2. When an NIH awarding unit has received a Financial Status Report from the

Division of Financial Management, and it is found that the actual unobligated balance from prior budget periods plus current funds awarded are insufficient to equal the already approved budget for the current budget period, then such deficiency will be treated as follows:

- a. When the insufficiency is \$250 or more, the awarding unit will, within 30 days, issue a revised award notice or a supplemental award for the balance needed to meet the level of the budget as approved on the Notice of Grant Award.
- b. When the insufficiency is less than \$250, the awarding unit will make a like adjustment only upon written request from the grantee institution or organization.

3. In the event circumstances in a particular case indicate a different action should be considered, the awarding unit will request permission from the Associate Director for Extramural Affairs, NIH, to take such action.

H. Effective Date:

This procedure is effective on date of release.

I. Additional Information:

For further information on this manual chapter, contact the Grants Policy Office, OERT, 496-5967, or the Federal Assistance Accounting Branch, DFM, 496-6101.

J. Additional Copies:

For copies of this manual chapter, send a completed Form NIH 414-5, "Request for Manual Chapter," to the Printing and Reproduction Branch (P&RB), DAS, Building 31, Room B3BE07.